



# **FAMILY SUPPORT UNIT**

(Formerly Child Care Eligibility)

## **POLICY MANUAL**

**Arkansas Department of Human Services  
Division of Child Care and Early Childhood Education  
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## **FORMS PACKET**

## **SECTION 1 – INTRODUCTION TO CHILD CARE ASSISTANCE**

### **1.1 MISSION STATEMENT**

The mission of the Child Care Assistance Program is to assist families striving towards self-sufficiency with their child care needs by providing resources, information and referrals. In carrying out this mission, it is our goal to provide quality child care assistance in a timely and courteous manner, focus on the individuals' dignity and self-respect, maintain parental choice, guard the integrity of the program and recognize employees' achievement.

### **1.2 PURPOSE OF THE CHILD CARE ASSISTANCE PROGRAM**

The purpose of the Child Care Assistance Program is to increase the availability, affordability and the quality of child care for families in the state of Arkansas. Further goals include assisting families in achieving and maintaining economic self-support and self-sufficiency.

The goals of economic independence and prevention of welfare dependency are promoted through the belief that continued employment results in more secure families. This program reinforces the idea that the strength of the family is important to the state's and the nation's economy. Targeting families that are attempting to achieve and maintain economic independence from welfare is a concern of state and federal government.

The goal of the Child Care Assistance Program includes preventing or ameliorating the neglect, abuse, and exploitation of children through child care services. Its purpose also includes preventing and reducing the unnecessary or inappropriate institutionalization of children.

Funding for the Child Care Assistance Program comes from the Child Care and Development Fund. The Child Care and Development Fund (CCDF) is under the administration of the U.S. Department of Health and Human Services, Administration for Children and Families. The Child Care and Development Fund is distributed to the states to provide child care services for low-income families.

The Arkansas Department of Human Services, Division of Child Care and Early Childhood Education (DCC-ECE) has been designated as the lead agency to administer federal funds available to Arkansas through the CCDF.

### **1.3 FEDERAL REGULATIONS AND PROGRAM GUIDELINES**

As the lead agency, the Arkansas Department of Human Services (DHS) is responsible for implementing a program that complies with federal regulations associated with the CCDF. Under these regulations, DHS must ensure that:

- The program is made accessible to all eligible parents (as funding allows)
- Parents are given a choice of eligible providers and that the requirements of this program will not significantly restrict parental choice of the types of providers
- Parents will have unlimited access to their children and to the providers that are caring for their children during normal hours of operation

- A record of parental complaints is maintained and made available to the public on request
- Consumer education information is made available to the public concerning licensing and regulatory requirements, complaint procedures, health and safety information and policies relative to child care services
- Payment rates will be sufficient to ensure equal access for eligible children

### **1.3.1 Parental Choice**

The casehead\* of the child will recommend the child care provider for the child, except in Protective Services and/or Foster Care cases. In Protective Service and or Foster Care cases, the Division of Children and Family Services (DCFS) will make the final decision concerning the child care provider based on the child's needs and the case plan.

*\*-The term **casehead** refers to the person applying for child care assistance on behalf of a child. A casehead must be at least 18 years of age (except in the case of an emancipated minor) and must have full-time physical custody of the child. For future reference in policy, **casehead** will be synonymous with parent, guardian, client, applicant or recipient.*

The Child Care Specialist (CCS) will be responsible for assisting eligible participants and recipients with their child care arrangements by making available the following information:

- A list of child care providers that participate in the Child Care Assistance Program in the area where the child care is needed
- How the parent may obtain substantiated deficiencies or child maltreatment reports regarding particular facilities
- How to select a child care provider
- How an individual may become a Registered Family Home or a Relative or In-Home Provider

The casehead must select a provider that:

- Is licensed or registered by the Division of Child Care and Early Childhood Education
- Meets the requirements of the State of Arkansas
- Agrees to comply with the regulations set out in the Child Care System Participant Agreement, DHS-9800
- Has a Request for Taxpayer Identification Number and Certification (Federal Form W-9) on file with DHS, as well as the State Contract and Grant Disclosure Forms (State Forms F-1 and F-2).

If a provider that meets these requirements cannot be located, the casehead may request assistance from the CCS in locating a facility. If, with such assistance, a suitable facility cannot be found within ten (10) days, then the application will be denied or the recipient's case will be closed. This means that the casehead forfeits eligibility for child care services at this time. If the casehead wishes to reapply, the application will be processed and placed on the county's waiting list with the appropriate priority code.

### **1.3.2 Confidentiality of Information**

Any information concerning the casehead will not be made available to any person, organization or provider without the written consent of the casehead, except as provided within this policy statement. The use of information obtained by the casehead is restricted and will only be furnished on a "need to know" basis.

The intent of the regulations relating to confidentiality is to prevent information about an individual from being shared with persons who have no legitimate need to have the information or persons who may misuse that information. It is not the intent to deny access to information to other professionals who are involved with DHS in helping the individual or family and have a legitimate need for certain information. The degree to which information can be shared and with whom is described in the law. These limitations apply to the verbal sharing of information as well as the sharing of written information. It is the intent of confidentiality legislation to protect the identity of a reporter of suspected child maltreatment. Arkansas Code 12-12-506 governs the disclosure of information regarding the reporting of suspected child abuse.

In determining eligibility, the DHS will collect and verify information provided by the casehead. The casehead, upon signing the Application for Child Care Assistance (DCC-513), gives consent for the Division of Child Care and Early Childhood Education (DCC-ECE) to secure information related to the client's eligibility from collateral sources. This includes financial status, household members, or other information that may have been submitted to another Department of Human Services caseworker. This also includes contacting employers, schools, or other sources to obtain information to resolve conflicting information.

In addition to state legislative policies, all DHS employees are required to abide by the federal Health Insurance Portability and Accountability Act (HIPAA). This federal law provides for privacy standards in all areas of health-related client information. HIPAA requirements can be found in Sections 4000-4013 of the DHS Policy Manual.

### **1.3.3 Freedom to Accept Services**

Eligible families and individuals must be free to accept or reject services. No casehead shall be required to apply for or receive any other services offered by this Department to receive child care services, except in the following situations:

- Caseheads who are separated, divorced or never married to the absent parent of a child for whom application is being made for child care services will be required to apply for Child Support through the Office of Child Support Enforcement for the State of Arkansas, if not currently receiving child support. If the parent is pursuing child support through an attorney, proof must be furnished to the CCS.
- *With the exception of full-time students*, if the family's income falls within the income limits of the Transitional Employment Assistance (TEA) program, then the casehead will be advised of the TEA program and that eligibility must be determined by the Division of County Operations (DCO). If, however, the individual is in the third year of Extended Support Services (ESS), a referral will be made to the appropriate DCC-ECE Child Care Specialist for a determination.

#### **1.3.4 Prohibited Discriminatory Practices**

DHS is in compliance with Titles VI and VII of the Civil Rights Act of 1964, Sections 503 and 504 of the Rehabilitation Act of 1973, as amended and the Americans with Disabilities Act of 1990.

A DHS employee shall not, on the grounds of age, religion, handicap, sex, race, color or national origin:

- A. Deny an individual any service or benefit provided under the child care program
- B. Provide any aid, care, service, or benefit to an individual differently than that provided to others under the child care program
- C. Subject an individual to segregation or separate treatment in any manner related to the receipt of any service or benefit provided under the child care program
- D. Restrict an individual in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or benefit provided under the child care program
- E. Treat an individual differently from others in determining eligibility requirements or conditions that must be met to receive any services or other benefits provided under the child care program.

The CCS has the responsibility to inform the casehead that services will be provided on a non-discriminatory basis. All caseheads must be informed of their right to file a complaint with DHS if it is thought that discrimination has occurred on the basis of age, religion, handicap, sex, race, color or national origin.

When a casehead with a disability requests special accommodation, such as enlarging the application form or conducting an interview by phone, every effort will be made by the CCS to comply with the request.

#### **1.3.5 Use of Policy Manual**

The CCS, as well as other Family Support Unit employees, will utilize this policy manual, as well as any applicable procedures manual, to determine assistance eligibility for all applicants in a fair, consistent and timely manner. The CCS is responsible for exercising prudent and reasonable judgment when applying policy.

If the CCS is unable to reach a decision about a specific situation that is not addressed in the manual, the CCS will contact the Area Supervisor for a decision. If the Supervisor is unable to reach a decision, the Unit Administrator will be consulted.

Family Support Unit employees will be held accountable for carrying out policies and procedures for the unit in a timely, accurate, courteous and non-discriminatory manner.



## **1.4 OVERVIEW OF CASEHEAD RESPONSIBILITIES**

The casehead has the responsibility to provide complete and accurate information and documentation regarding the casehead's situation any time it is requested by a DCC-ECE employee.

The casehead also has the responsibility to report to the CCS any change that affects eligibility or fee assessment within ten (10) days of the date the change occurs.

The casehead must provide a minimum of one (1) week's advance written notice to the CCS and the current child care provider when they wish to change child care providers. Failure to abide by this provision will result in the casehead being responsible for the child care bill at the new facility until the new authorization is written.

## **1.5 POLICY CLARIFICATIONS AND REVISIONS**

If clarification is needed on a matter relating to policy, the Child Care Specialist should contact the Unit Administrator. All policy clarifications should be sent, in writing, to the entire Family Support Unit by the Unit Administrator.

Any revisions to policy must be promulgated according to DHS Policy 1052.

## **1.6 APPEALS AND HEARINGS**

### **1.6.1 Right to Case Review**

Whenever an application is denied, or an adverse action is taken, the casehead will be informed in writing of the decision and of the right for a review of the decision. The notice must state that the casehead has ten (10) days from the date of the Notice of Action (DCC-531) in which to submit a request for Internal Review of the decision. The complete Internal Review and Appeal process is outlined in Sections 1.6.3 and 1.6.4 of this policy manual. The casehead, or an individual acting on behalf of a casehead, may request an Internal Review regarding the following actions:

- Reduction of child care services
- Termination of child care services
- Fee assessment
- Failure of the agency to act upon a request for child care services within agency timeframes outlined in policy

Anyone acting on behalf of a casehead must be acting at the written request of the casehead, and must be acting strictly in the interest of the casehead. A child care provider cannot act on behalf of the casehead during an Internal Review or Appeal process.

### **1.6.2 Matters Which Are Not Subject to Review or Appeal**

A casehead may not request an Internal Review or Appeal for the following actions:

- Placement on a waiting list for services
- Position on a waiting list for services
- Requirement to complete a new application after 45 days
- Refusal to process an incomplete application
- Deletion from the waiting list after one (1) year
- Action taken as a result of unavailability of funds

### **1.6.3 Internal Review**

The first step in appealing any adverse action is to request an Internal Review. Any complaint regarding an adverse action or service delivery must be made in writing to the Area Supervisor within ten (10) days of the adverse action. The Supervisor will render a decision within three (3) working days. If the casehead is not satisfied with this decision, the casehead may request an Internal Review, in writing, from the Unit Administrator. The Unit Administrator will render a decision within three (3) working days of the request.

If the client remains dissatisfied with the decision made by the Unit Administrator, the casehead may request an Internal Review by the Division Director. This request for an Internal Review must be made in writing and received within thirty (30) days of the date of adverse action. The written request should be mailed to the Division Director, Division of Child Care and Early Childhood Education, Department of Human Services, P.O. Box 1437, Slot S-140, Little Rock, Arkansas, 72203-1437.

Once the Division Director has received the written request for an Internal Review from the casehead, the Division Director will inform the casehead of the decision of the Internal Review within ten (10) working days of the date the written request for the review was received.

### **1.6.4 Administrative Hearing**

The casehead may request an Administrative Hearing within thirty (30) days from the date of the adverse action by the Division Director. The request shall be made to Office of Appeals and Hearings, P.O. Box 1437, Slot N-401, Little Rock, AR 72203-1437. The Administrative Hearing process is also available to clients or providers when allegations of overpayments and/or fraud in the Child Care Assistance Program have been made.

The Office of Appeals and Hearings will notify the Family Support Unit that a casehead has requested a hearing. The Family Support Unit will then prepare a Hearing File which will contain that part of the record that was utilized in making the decision that is being appealed, a summary of the facts and actions that led to the decision, any supporting evidence and a list of witnesses. This file will be sent to the Office of Appeals and Hearings. DHS employees are expected to attend hearings and present

testimony without benefit of a subpoena and will be notified by the Office of Appeals and Hearings of their required presence at the hearing. The Family Support Unit will be notified of any witnesses requested by the casehead and will have five (5) days from the receipt of this notice to request subpoenas for rebuttal witnesses.

The individual requesting the hearing (hereafter called the Petitioner) and/or his/her representative(s), will be advised by Form DHS-3205 that he has ten (10) days from the date he signed the certified mail receipt to request witnesses. The DHS-3205 will be prepared by the Office of Appeals and Hearings and sent by Certified Mail, Return Receipt Requested.

The Office of the Chief Counsel, Department of Human Services, will issue the subpoenas, pursuant to Arkansas Code Ann. 25-15-209. After the timeframes have expired for subpoenaing witnesses, the hearing will be scheduled at least ten (10) days prior to the date of the hearing. The scheduling letter will contain the time, date, and place of the hearing and the name of the Hearing Officer who will be in charge of the hearing. The location of the hearing will normally take place in the county of residence of the petitioner, unless the petitioner requests another, more convenient location.

If the petitioner fails to appear for the hearing and has not notified the Office of Appeals and Hearings prior to the date of the hearing of their inability to attend, the appeal will be abandoned.

It is the responsibility of the Family Support Unit to appoint a representative prior to the time of the hearing. The appointed representative should be knowledgeable of the circumstances of the case, be able to summarize all pertinent aspects of the situation, and to present the supporting documentation. The representative should be able to answer questions posed by the Hearing Officer or the Petitioner. The representative must be prepared to question any adverse witnesses.

The Family Support Unit Representative may request an attorney from the Office of Chief Counsel. A Hearing Officer from the Office of Appeals and Hearings Section, who had no previous part in the decision, will conduct the hearing. The Petitioner may be represented by a friend, legal counsel, or another designated individual.

The Hearing Officer may not review the case record or other material either prior to or during the hearing unless the same material is made available to the Petitioner or the Petitioner's representative.

The hearing will be conducted in an informal, but orderly manner. The Hearing Officer will explain the hearing procedure to the Petitioner. The Family Support Unit Representative will read the Administrative Hearing Statement and will present the Division's case, introducing evidence and questioning witnesses. At the conclusion of the Division's case, the Petitioner will have the opportunity to present his case, including presenting witnesses, advancing arguments, offering additional evidence and questioning the Family Support Unit Representative. Questioning will be confined to the issue at hand. At the conclusion of the hearing, the Hearing Officer will advise the Petitioner of Petitioner's right to a judicial review in the event of an adverse ruling.

The decision by the Hearing Officer becomes final Department action unless successfully appealed by the Petitioner.

## **SECTION 2 – PROVIDER INFORMATION**

### **2.1 PROVIDER PARTICIPATION**

A child care provider must be licensed or registered by the Division of Child Care and Early Childhood Education and must meet the requirements of the State of Arkansas, must agree to comply with the regulations set out in the Child Care System Participant Agreement (Form DHS-9800) and must have the following forms on file with DHS:

- Child Care System Participant Agreement (Form DHS-9800)
- Request for Taxpayer Number and Certification (Federal Form W-9)
- Contract and Grant Disclosure and Certification Form (State Forms F-1 and F-2)

If a provider needs any information or forms concerning participation in the Child Care Assistance Program, the provider may request a participant packet from the CCS in their area or the Family Support Unit in Little Rock. This packet will contain all the necessary information the provider needs to become a voucher participant.

Persons who are ineligible to be a provider in the Child Care Assistance Program include:

- Parent(s), step-parent(s), custodian(s) or legal guardian(s) of the child(ren), regardless of whether or not they reside in the same household with the child
- Any member of the household in which the child(ren) reside(s)

Separate household status will not be allowed for providers and clients who reside in the same household. This policy is not meant to include a child care facility that employs the parent of the child(ren) as long as the owner or director is not the parent of an otherwise eligible child.

A Child Care Family Home (CCFH) will not be paid by DHS to keep the children of a secondary caregiver if they are not required by licensing or registration requirements to hire a secondary caregiver. If a secondary caregiver is required, and the provider hires a recipient of the Child Care Assistance Program to be this caregiver, the Licensing Specialist must verify the following:

- A secondary caregiver is required.
- The secondary caregiver is needed to care for other children than the client's own children.
- The client's own children comprise less than fifty percent (50%) of the CCFH's current attendance.

DHS will not pay child care for a parent who is hired to work as a secondary caregiver in a Voluntary Registered Home or a Relative/In-Home Child Care Provider.

### **2.2 PROVIDER EXCLUSIONS**

DHS may exclude any provider from participation in DHS programs based upon non-compliance with DHS policy. Any provider who submits falsified records or participates in any form of fraud will be subject to exclusion. The procedure for provider exclusion is outlined in DHS Policy 1088.

## **2.3 PROVIDER TRAINING**

Child Care Providers who wish to participate in the Child Care Assistance Program must attend one (1) provider training session per year. In addition, DCC-ECE may, at its discretion, mandate additional training for providers at any time.

## **2.4 CORRECTIVE ACTION**

If a provider has violated any section of the Child Care System Participant Agreement (DHS-9800) or DHS Policy, DCC-ECE may, at its discretion, impose corrective action on the provider.

## **2.5 STATE AND FEDERAL INCOME TAXES**

Participating providers must remain current with all state and federal income tax requirements. Providers not current in all tax payments will be subject to exclusion from the Child Care Assistance Program.

## **2.6 NOTICE TO PROVIDER UPON CLOSURE**

Any time a pending closure notice or a closure notice (DCC-531F/DCC-531G) is sent to a casehead notifying the casehead that the child care case will be closed, a copy must be sent to the child care provider. A closure notice will also be furnished to the provider any time a Service Authorization is voided (end-dated) and no ten (10) day notice has been sent. The provider will be notified when a child is moving to another facility. All such notices to a provider must contain the last date the child's day care will be paid on that particular client's case. The CCS is responsible for sending these notices.

## **2.7 BILLING PROCEDURES**

Billing procedures for providers are outlined in the Child Care System Participant Agreement, Form DHS-9800. All providers are required to adhere to the guidelines of the DHS-9800.

## **2.8 COUNTY RATE CAPS**

The Division collects market rates from licensed child care centers and child care family homes in each county. A computer program analyzes the reported rates for each:

- Type of service (Full-Time, Part-Time, Half-Time, Night, and Weekend)
- Type of license (Infant/Toddler Center, Relative Provider, Child Care Center, Child Care Family Home, Registered Homes)
- Age-type (Infant, Toddler, Preschooler, School-age)

A rate cap for each county is calculated, based on the 75th percentile. Twenty-five percent (25%) charge more than the established rate cap for that particular county and 75% charge the rate cap or less. DHS will pay whichever is less: the provider's rate or the rate cap. Note: If there are less than six (6) facilities in a county that provide a certain type of care, then the contingent county's rates will be used to establish a rate cap.

## **2.9 PARENT FEES**

After determining gross monthly household income and household size, a fee will be assessed in accordance with state guidelines utilizing the current Client Fee Chart. When a fee is charged, the casehead must be notified in writing, via a Notice of Action (Form DCC-531E), of the percentage amount he/she will be required to pay. Questions regarding the dollar amount of fees should be directed to the provider who can let the parent view the worksheet. Clients must be advised at the time of application or approval that fees to the provider must be kept current. Fees will not exceed the County Rate Cap for the county in which the facility is located. The household will pay a percentage of the child care facility's charges or a percentage of the County Rate Cap whichever is less. This fee is based on the size of the household and the monthly gross income of the household. Under no circumstances will the parent be required to pay the difference between the County Rate Cap and the rate that the child care provider charges, if the provider's charges exceed the County Rate Cap.

## **2.10 FEE SCALES**

The Family Support Unit will furnish a copy of the Client Fee Chart to any party upon request.

## **2.11 NONPAYMENT OF FEES**

Upon receipt of documentation from a child care provider that a casehead has refused or failed to pay the established fee, the CCS will send a 10-day Pending Closure notice (Form DCC-531F) to the casehead that the case will close unless arrangements are made to pay the fee owed. If the parent requests to make payments to the provider, these arrangements must be reasonable to both parties and kept current. Factors such as amount owed, and the family's income will be taken into consideration in determining what is reasonable. Child care services in any other county or at any other facility will not be approved until the fee is paid, or reasonable efforts are being made to repay the amount owed. In the event the casehead claims that the household income has decreased to such an extent that the casehead would no longer be required to pay a fee, the casehead will be required to furnish verification.

## **2.12 FEE COLLECTION**

Fees will be collected and retained by the child care provider. Each provider's monthly bill is reduced by all fees assessed in that month for that child. The child care provider establishes collection procedures. The provider may choose to schedule collections to take place up to one week in advance of service delivery, at the time of service delivery or shortly after the service delivery.

## **2.13 LABOR STANDARDS**

Federal regulations require that in-home providers be paid minimum wage. Therefore, for these types of providers, there must be a minimum number of children receiving child care multiplied by the daily child care rate to insure the provider is paid minimum wage. For example: The minimum wage is \$5.15 per hour. The daily minimum for nine hours of care would be \$46.35. If the daily rate was \$12.00 per child, there must be at least four children receiving child care assistance to equal minimum wage.

## **SECTION 3 – CHILD CARE ASSISTANCE**

### **3.1 ELIGIBILITY FACTORS**

A family eligibility unit is one or more adults and children related by blood or law, and residing in the same house when at least one of the adults has full-time physical custody of the child for whom application is made.

To qualify for assistance, an applicant must meet certain eligibility requirements, including:

#### **3.1.1 Citizenship**

A person who applies for child care assistance must be:

- A. A citizen of the United States (native born or naturalized)
- B. Aliens lawfully admitted for permanent residence prior to August 23, 1996; including:
  - 1. A refugee admitted under Section 207 of the Immigration and Nationality Act (INA);
  - 2. An alien granted asylum under Section 208 of the INA;
  - 3. An alien who was paroled into the United States under Section 212 (d) (5) of the INA for a period of at least one (1) year;
  - 4. An alien whose deportation is being withheld under Section 243 (h) of the INA;
  - 5. An alien who was granted conditional entry pursuant to Section 203 (a) (7) as in effect prior to April 1, 1980; or
- C. Qualified aliens for whom federal law requires benefits under Title IV-A of the Social Security Act. A qualified alien is a person:
  - 1. Who was admitted to the United States less than five (5) years ago as a refugee under Section 207 of the INA.
  - 2. Who was granted asylum under Section 208 of the INA less than five years ago.
  - 3. Whose deportation is being withheld under Section 243(h) of the INA and the withholding decision was made less than five (5) years ago.
  - 4. Admitted for permanent residence under the INA and has worked forty (40) qualifying quarters of coverage as defined under Title II of the Social Security Act or can be credited with such qualifying quarters as follows:



- (a) All of the qualifying quarters of coverage worked by the alien's parent while the alien was under the age of 18 will be credited to the alien;
  - (b) All of the qualifying quarters of coverage worked by the alien's spouse during their marriage provided they are still married or the spouse is deceased.
  - (c) No qualifying quarter of coverage described above, beginning on or after January 1, 1997, worked by the alien, parent, or spouse will be credited to the alien if the alien, parent or spouse received any Federal means-tested public benefit during the period for which the qualifying quarter of coverage is so credited.
- D. Lawfully residing in the State and is (1) a veteran with an honorable discharge from the military; (2) on active duty (other than for training) in the Armed Forces of the United States; or (3) the spouse or unmarried dependent child of an individual who is veteran as listed in Section E.
- E. Certified as a victim under the Victims of Trafficking and Violence Protection Act of 2000, Section 107 (PL 106-38)

An alien who entered the United States on or after August 22, 1996 and has been in "qualified alien" status for at least five (5) years. (Note: For an alien who is granted qualified alien status due to being a battered alien, the five year period begins with the date of the prima facie case determination or the date the I-130 visa petition is approved. Aliens who qualify include:

- 1. An alien who is lawfully admitted for permanent residence under the INA
- 2. An alien who is paroled into the United States under section 212(d)(5) of the INA for a period of at least one (1) year
- 3. An alien who is granted conditional entry pursuant to section 203(a)(7) of the INA as in effect prior to April 1, 1980

All initial applicants must complete a DCC-540 (Declaration of U.S. Citizenship or Satisfactory Immigration Status) to certify that the requirements listed above have been met. The CCS will maintain this form in the client's case record.

If neither parent/custodian of the child for whom child care services are sought is a citizen or alien who has been lawfully admitted, then the Application for Child Care Assistance must be denied.

If the child for whom the services are requested is neither a citizen nor an alien lawfully admitted to this country for permanent residence, the application will be denied.

If one parent is a citizen or alien who meets the guidelines set forth in this section, both parents must meet all other eligibility factors, such as working, attending school, etc.

The parent who is not a citizen or alien lawfully admitted will not be counted in the household, but the non-citizen's income will be included in the household's budget.

Aliens who are in this country for educational purposes only will not be eligible to receive child care services under the Child Care Assistance Program.

### **3.1.2 Residence**

Families applying for child care assistance must presently reside and continue to reside in the State of Arkansas. No specific duration of residence is required. For application purposes, residence is not affected by a temporary absence from the state.

All families must be able to furnish the CCS with a mailing address in the State of Arkansas where all correspondence can be received. If residency is questionable, the CCS will allow the family the opportunity to verify residency.

Absence from the State of Arkansas longer than thirty (30) days must be approved by the CCS. Failure to get prior approval will result in the case being closed.

### **3.1.3 Need for Service**

The Child Care Specialist must establish the need for child care services. This state agency requirement with certain federally funded mandated elements is to ensure that funds are expended only for services which are needed to alleviate some problem or condition.

The CCS is expected to approve child care assistance (as funds permit) when the casehead and other adult household members are moving toward less dependence on welfare programs.

Service need must be directed toward meeting at least one of the following federally mandated goals:

- A. SELF-SUFFICIENCY - achieving or maintaining self-sufficiency, including reduction or prevention of dependency;
- B. PREVENTION OF CHILD MALTREATMENT - preventing or remedying maltreatment of children. This may include preserving, rehabilitating, and/or reuniting families.
- C. PREVENTION OF UNNECESSARY INSTITUTIONALIZATION - preventing or reducing inappropriate institutional care by providing community-based care, home-based care or other forms of less intensive care.

Except for protective services or foster care situations, child care assistance shall be provided only to families who voluntarily request the service. For protective services or foster care child care, a Request for Child Care Assistance Protective Services/Foster Care (Form DCC-537) must be completed, stating the need for service, and signed by the County Supervisor for the Division of Children and Family Services (DCFS). This form shall be used in place of a voluntary request for service.

#### **3.1.4 Eligible Child/Date of Birth**

To be eligible, the casehead must have full-time physical custody of a child under the age of thirteen (13) years. A child under the age of eighteen (18) who is physically or mentally unable to care for himself may be eligible for services if the disability is verified by a physician or a licensed/certified psychologist and in the full-time physical custody of the casehead.

In order for a child to be eligible for assistance, the Child Care Specialist must validate the child's date of birth. Acceptable documentation includes a valid birth certificate, school records, medical records, verification from another agency division, or any other official document that confirms the child's date of birth. Copies of all documentation must be maintained in the case record. If documentation is questionable, the Child Care Specialist should consult with the Area Supervisor. Waivers to this policy will be made on a case by case basis by the Area Supervisor or Unit Administrator.

#### **3.1.5 Social Security Number**

The CCS will attempt to collect documentation that verifies a valid Social Security Number (SSN) for every household member or verifies that an applicant has applied for a Social Security Number. If the applicant or household member does not have a valid SSN, a pseudo SSN will be temporarily assigned until the Social Security Administration assigns a valid SSN. Once a valid number has been received, the Child Care Specialist is responsible for replacing all pseudo numbers in the client record with the valid numbers.

#### **3.1.6 Employment**

Each adult in a household on whose behalf an application has been made must be working a minimum average of thirty-two (32) hours per week. The only exception to this requirement is an applicant who is attending school full-time or enrolled in a training program full-time. (See Section 3.2 for student requirements.) In addition, applicants/recipients who are employed or self-employed must show earnings equivalent to minimum wage. (See Section 3.3 for exact income requirements.)

#### **3.1.7 Diverted TEA Child Care**

A TEA client who finds a job as a result of a job search may qualify for Diverted TEA Child Care through DCC-ECE. In order to be eligible, a diverted TEA client must be employed a minimum of 32 hours per week.

To process a Diverted TEA application, the TEA Family Support Specialist will advise the applicant of what information is needed (see list below). Upon receipt of the information, the Family Support Specialist will forward the packet of information to the CCS in that area. The CCS will then write a child care authorization for three (3) months with no fee. At the end of the three months, the CCS will re-evaluate the client.

A Diverted TEA Child Care packet must contain the following:

- A. A completed Child Care Assistance Application (DCC-513)
- B. Cover memo with a statement that the applicant is being referred for Diverted TEA Child Care as a result of finding a job through a job search.
- C. Estimated Income—Verification of Earnings statement (DCO-97) or other statement from the employer will be acceptable.
- D. Verification of Child Support—An OCSE referral through Medicaid, a statement from an attorney or an open case with the Office of Child Support Enforcement is required.
- E. Copies of Social Security Cards for each member of the family in which child care is requested.
- F. Verification of date(s) of birth for the child(ren) who require child care services

If all verification is not available, the TEA Family Support Specialist should give the applicant fifteen (15) days to return the information. The applicant will be advised that if the information is not provided within that time, he/she will lose Diverted TEA status and will have to go through the Low-Income Child Care application procedures and waiting list. If the applicant does not return the information within the fifteen days, the Diverted TEA Child Care application will not be processed. It will be filed with the denied TEA application. If the denied TEA applicant wishes to go through the Low-Income Child Care program, a new application (DCC-513) must be completed.

## **3.2 STUDENTS**

### **3.2.1 Classifications**

Anyone who is enrolled in one of the following programs may be classified as a student:

- A. High School: If the high school student is not eligible for child care through the TEA program, the high school student's custodian or the emancipated minor must meet all eligibility requirements.
- B. Higher Education: Students enrolled in institutions of higher learning (post-secondary education) must be considered a full time student with a minimum of twelve (12) semester hours or nine (9) quarter hours to receive childcare assistance. If a student is attending an institution's summer school program, the student must be enrolled in at least six (6) semester hours or nine (9) quarter hours per summer term. The only other exception to the credit hour requirement for college students would be the student who is pursuing a degree that requires a clinical or practicum, which involves long hours, or rotating shifts that would hinder the parent from obtaining employment or taking other classes. The Area Supervisor must approve exceptions on a case-by-case basis.
- C. G.E.D.: A casehead who is enrolled in GED classes must show verification of full-time enrollment, the start and end times, days of the week, and the start and end dates of the classes. The casehead will only be eligible to receive childcare assistance while enrolled in GED classes for one year from the begin date. After one year from the

begin date, the case will be closed unless the casehead verifies employment of at least 32 hours per week.

- D. Training Programs: A client must demonstrate full-time enrollment at a work training program. Examples include Vocational Schools, Literacy Councils, Certified Nursing Assistant, Sheltered Work Shops, Day Treatment Centers, Cosmetology Schools, Career Training Centers or Work Force Training Centers.

### **3.2.2 Grade Requirements**

Students must maintain a "C" or 2.0 grade point average. The Child Care Specialist will check grade point averages at the end of each semester. Only the grade point average for that semester will be considered, not the cumulative grade point. For the purposes of counting semesters, one or both summer terms will count as one semester.

If an applicant is already attending post secondary school at the time of application, grades will not be checked until completion of the first full semester that child care services were received. However, the CCS will verify, through the grade report, that all classes needed for eligibility were completed. For example, an applicant is approved for child care in November. His/her grades will be checked for semester hours ONLY in January and then checked for actual grades at the end of the spring semester.

Students attending schools or training programs that do not give grades will be asked to furnish proof of satisfactory progress in their coursework at each re-evaluation. This also includes having a satisfactory attendance record.

### **3.2.3 Academic Probation and Disqualification**

If a "C" or 2.0 grade point average is not maintained, the student will be placed on probation for one semester. If the grade point average is still below "C" or 2.0 grade point average at the end of the probationary semester, the case will be closed, unless the student obtains employment of at least 32 hours a week. Once a case is closed due to low grades, child care will not be paid for school attendance for six (6) months from the end of the semester in which a "C" average was not maintained. The CCS will notify the student of an academic disqualification via a DCC-531J (Notice of Action).

### **3.2.4 Working Students**

A student who is not taking a minimum number of hours to qualify as a full-time student may still qualify for assistance by working a minimum number of hours. To determine the number of hours a part-time student must work, take the number of semester hours the student is taking and multiply by two (2). Then subtract the number from 32. This will give you the number of hours the student must be working to receive assistance.

Example: A student is taking (9) credit hours.  $9 \times 2 = 18$  and  $32 - 18 = 14$ . Therefore, this student must be working 14 hours per week to qualify for assistance.

If a student is attending an institution that uses a quarter system, the number of quarter hours should be multiplied by three (3) and subtracted from 32 to obtain the number of working hours required.

Students attending summer school will be considered full-time and eligible for child care assistance if they carry six or more hours per summer session. If a student is taking less than six (6) hours, the student must work a minimum of twenty (20) hours per week to qualify for childcare assistance. If a student has a lab, or other class related duties, supervisors may grant a waiver on a case-by-case basis for less hours of work per week.

If a student is working 32 hours or more a week then the household will be certified as employed, and a class schedule is not needed. If the student needs additional childcare services for school attendance then a class schedule is needed.

### **3.2.5 Restrictions on Student Status**

Students will not be eligible to receive child care assistance for postgraduate work unless there is not a Bachelor's degree offered in his/her field at the institution he/she is attending.

For example, UALR does not offer a Bachelor's degree in certain educational fields. The student attends five years and has a Master's degree upon completion of the course work. This person would be eligible for child care assistance until completion of his/her degree provided all other eligibility criteria are met. However, law school, medical school and physical therapy school students are not eligible. A student enrolled as a "Prelaw" or "Premed" student would only be provided child care until the completion of a Bachelor's degree, if all other eligibility requirements are met.

Child care will not be paid for parents to pursue a second Bachelor's degree.

Students will be allowed five (5) years, past high school, to complete educational endeavors. After the client has completed fifteen (15) semesters or twenty (20) quarters in college, vocational school, business school, or any other institution of higher education, or any combination of the above, the child care case will be closed. (The only way the client could keep their case open at this point would be to accept a job working 32 or more hours weekly and meet all other eligibility requirements.) For the purposes of counting semesters, one or both summer terms will count as one semester.

Inter-Session is a three hour course taken in a two-week time frame offered by some colleges during the Christmas holidays, spring break, or other times that are normally considered a break in regular classes. The Supervisor will review each of these cases if a waiver is to be granted. The factors that will be considered will include the attendance time and study time required, the nature of the course and whether or not it is a required course for the student's area of concentration. If a waiver is not granted, the student will have to meet the same requirements as for summer school.

After it has been determined that the student is eligible for assistance the student will be certified from the date all required information was received, or the beginning of the semester and continue until the date the semester ends.

If a client does not attend school during the summer, the case will be put on inactive status, and all aspects of eligibility will be re-verified at the end of summer break.

### **3.3 SPECIAL CIRCUMSTANCES**

#### **3.3.1 Emancipated Minors**

An individual under the age of eighteen (18) shall be considered emancipated and allowed to apply and sign the Child Care Assistance Application if at least one of the following conditions exists:

- The individual is legally emancipated by court order
- The individual is currently or previously married
- The individual is living outside the home of a custodial adult with no indication that his/her parent or custodians regard themselves as being responsible for his/her care and control. The emancipated individual declares that he/she has no intention of returning to the home of the custodian/parent.

Reasons for considering a minor emancipated must be documented in the case record.

#### **3.3.2 Relatives with Custody**

If a relative is applying for child care assistance on behalf of a child of whom they have full-time physical custody, the relative must meet the same eligibility requirements as a parent. However, in the calculation of household income, the amount of any TEA assistance received for the child will be disregarded. Relatives must agree to pursue child support from any and all absent parents who have established separate household status.

#### **3.3.3 Disabled Household Adult**

If a household adult is unemployed due to a disability, the Child Care Specialist will require a written statement from the attending physician attesting to the nature and length of the disability and the inability to care for the child(ren).

#### **3.3.4 Active Overseas Military Duty**

If a child is in the full-time physical custody of someone other than the parent or guardian due to the parent or guardian being activated for overseas military duty, the adult with power of attorney over the child will serve as an Authorized Representative for the household. (The parent/guardian will still serve as the casehead.) A copy of a Power of Attorney signed by the parent/guardian for the child must be a part of the case record. All income, except child support received on behalf of the child, will be disregarded.

### **3.4 INCOME**

Child care services are directed toward families whose income is at or below the median income scale. These families must be working toward one of the goals listed in Section 3.1.3. Supportive Services families must also meet the income eligibility guidelines. In determining income eligibility, a Sliding Fee Scale will be utilized. If it is determined that the eligible family is responsible for a co-pay amount, that household will be required to pay that co-pay amount to the provider in a timely manner.

#### **3.4.1 Classification of Income**

Income can be classified as earned or unearned. The family is required to report all income at the time of application, including any income that is anticipated to be regularly received during the certification period. All earned and unearned income of each household member is counted unless specifically excluded in Policy ¶ 3.4.7.

Countable income from all household adults age 18 and over (or under 18 and emancipated) will be considered in the budget. When a couple lives together and shares expenses, the income from both individuals is counted in the budget, even if they are not legally married. Where adults other than spouses reside together, each may be considered a separate eligibility unit if each adult has their own income and is responsible for their own family's expenses.

Only income currently available on a regular basis shall be considered. Unpredictable income of indeterminate amounts will not be considered in the budget, such as insurance settlements or income tax refunds. Countable income is any monetary payment received by the household on a regular basis. This includes earned income such as:

- Gross wages, salaries and tips
- Stipends (VISTA, Delta Service Corps, Americorps, OJT, etc.)
- Commissions and regular cash bonuses
- Armed Forces pay
- Self-employment income
- Piece rate wages
- In-kind (see Section 3.4.2(E))
- Contractual income

Also included as countable income is unearned income, which includes:

- SSI for any household member other than the casehead
- Social Security payments
- Assistance payments (TEA, etc), with the exception of relatives who have full-time custody of a child
- Unemployment
- Workers' Compensation
- Child support
- Alimony
- Pensions and annuities



- Contributions
- Utility assistance checks sent to the household

### 3.4.2 Monthly Gross Earned Income

The monthly gross income includes total money earnings received for work performed as an employee. It is the total gross amount earned before deductions are made for taxes, bonds, pensions, union dues, insurance, and similar purposes. The following types of total gross income earned will be considered in the budget:

- A. **Wages and salaries from employment:** Total gross earned. *If employed full-time, adults in the household must demonstrate earnings equivalent to at least 32 hours per week at minimum wage in order for the household to be eligible for child care assistance.*
- B. **Tips and regular bonuses:** Bonuses are monetary payments given to an employee by the employer in addition to pay due the employee. **If** the bonus can be reasonably anticipated, both in regard to the time of receipt and the approximate amount, it will be considered earned income in the budget.
- C. **On-The-Job Training (OJT) wages:** Wages paid for on-the-job training and/or upgrading employability skills will be counted in the household's budget.
- D. **Stipends:** (Americorps, VISTA, Delta Service Corps, etc.) includes monies earned or paid in exchange for volunteer services and are counted as earned income.
- E. **In-Kind benefits:** In-kind benefits are when a product or service is furnished to an employee in lieu of wages. In-kind benefits include, but are not limited to providing housing or making a car payment in exchange for a person working. In-kind benefits are not to be counted *unless* they are furnished to an employee *who does not draw a salary that is equal to or exceeds minimum wage x 32 hours.*
- F. **Contractual income:** Employees who work under a contract agreement will have their income prorated over a twelve (12) month period or the period of time the contract is designed to cover. A contractual arrangement exists when the employee and the employer have a written agreement that stipulates the annual or the monthly salary. Examples of contractual employees are school teachers and teachers' aides.
- G. **Piece work basis:** Individuals who are paid on an hourly or piece work basis will *not* have their income prorated over a twelve (12) month period, even though there may be a written agreement regarding the particulars of their employment. Piece work income will be determined on a monthly basis just as wages or salary. Income must be at least 32 hours x minimum wage.

The following are the only acceptable forms of verification of gross earned income:

- Copies of the last four (4) check stubs
- A completed Form DCO-97 (Verification of Earnings)

- A copy of the current contract agreement between employee and employer (contractual income)
- A verification letter from the employer

If the family has an open TEA or Food Stamp case, the CCS has the option of using income information available on the WFSM screen (unless is it over 30 days old) or re-verifying income information.

A prospective budget will be utilized to anticipate the household's income for the certification period. The CCS will consider income that has already been received and any regular income that can be reasonably anticipated to be received by the household during the certification period.

In order to compute monthly income, total the gross wages submitted by the client and average these wages. Multiply this average by:

- 4.334 if wages are paid weekly
- 2.167 if wages are paid bi-weekly (every two weeks)
- 2 if wages are paid semi-monthly (twice per month)
- 1 if wages are paid monthly

If the earnings fluctuate, the CCS shall determine, by averaging or other means, an amount that fairly reflects the income currently available to the household on a monthly basis. A copy of the documentation used as earnings verification will be retained in the case record.

### **3.4.3 Income Deduction**

Each adult household member who is employed at least 32 hours per week will have a \$100.00 work related deduction made from his/her gross income to account for withholding and other mandatory work-related expenses. The only exception to this policy is an adult who is excluded from being counted in the household because of alien status. See Section 3.1.1.

### **3.4.4 Self-Employment Income**

Self-employment income is earned income received directly from one's own business, trade, or profession, instead of receiving a specified wage from an employer.

Last year's income tax forms (IRS Form 1040 and Schedule C) will be used to project income from self-employment unless the household can reasonably demonstrate that it is not an accurate indicator of current income. Net income from self-employment will be computed utilizing one of the following methods:

- A. If the household member has been involved in the self-employment enterprise less than one (1) year, the family member's own records or the records of his bookkeeper will be utilized to determine gross receipts and allowable expenses. The Child Care Specialist will determine, based on information provided by the

casehead, the number of months that will be utilized to determine a true picture of the current situation. The nature of the business will be a factor in determining how many months' records to average. If the business has been in operation for such a short period of time that a reasonable projection of income cannot be made, the case will be certified for a brief period of time until the business has been in operation long enough to gain a more accurate projection.

- B. If the household member has been involved in the self employment enterprise more than one (1) year, one of the following methods to determine the household income will be utilized:
1. Self employment, which is received in a short period of time, but represents the individual's annual income will be averaged over the 12 month period.
  2. Self employment income which is intended to represent the household's income for only a portion of the year, will be averaged over the period of time the income is intended to cover.
  3. If the self employment income has increased or decreased substantially, the household's current self employment records will be averaged to project the household's income.

Self-employment income is calculated by subtracting the total allowable expenses from the gross receipts. Gross receipts are defined as *the value of all goods sold or services rendered*.

Allowable expenses include the following:

- Cost of goods purchased
- Rent, heat, light and power on the income producing property
- Wages and salaries paid to employees other than the business owner
- Business taxes and/or licenses
- Advertising goods or services
- Interest (*not* payments) on the principal of the purchase price of income producing property
- Real estate taxes paid on the income producing property

If the family uses its residence in a self employment enterprise, the utility costs, rent or interest on the mortgage of the residence will not be allowed unless they can be shown as separate from the household's normal usage.

The following *will not be allowed* as a cost of producing self employment income:

- Money set aside for retirement purposes
- Federal, state and local income taxes
- Depreciation
- Net losses from previous years
- Premiums paid for health/medical insurance

- Payments on the principal of the purchase price of income producing real estate and capital assets, equipment, machinery, and other durable goods, or entertainment related expenses

A self-employed individual who does not show a profit that is equal to minimum wage times thirty-two (32) hours per week within twelve (12) months from the start date of receiving child care assistance will be evaluated by the CCS. (This rule will also apply to the person who has been self-employed for some time, but due to circumstances, such as crop failure, changing market, illness, etc., the business has shown a loss instead of a profit).

However, if at the end of that time, the casehead cannot show earnings equivalent to the above formula, the casehead will be given a ten (10) day Notice of Action (Form DCC-531F) and the child care assistance case will be closed. There will be no exceptions to this rule. The only way that a casehead could keep their child care assistance case open at this point is to accept a non-self employment job with at least 32 hours per week that pays at least minimum wage, or enter into a full-time educational program that would increase their employability skills.

### **3.4.5 Farm Self-Employment**

Income counted will be the gross receipts minus operating expenses from the operation of the farm by the owner or renter.

Gross receipts shall include the value of:

- all products sold
- government crop loans
- money received from the rental of farm equipment to others
- incidental receipts from the sale of wood, sand, gravel, and similar items

Allowable operating expenses include:

- cost of feed, fertilizer, seed, other farming supplies
- cash wages paid to farmhands
- cash rent
- interest on farm mortgages
- farm building repairs
- farm taxes (*not* state and federal income taxes).

The value of fuel, food or other farm products used for family living should not be deducted as an operating expense.

### **3.4.6 Unearned Income**

The monthly amount of any unearned income not disregarded must be calculated and counted in the family's budget. Verification shall be documented in the case narrative. The formula explained in Section 3.4.2 will be utilized to average any unearned income received more often than monthly.

- A. **Social Security:** Social Security benefits are paid upon retirement, disability, or death of a covered wage earner. Retirement benefits are payable for some individuals beginning at age 62; disability benefits are payable at any age. A wife or widow is eligible at any age if there are minor children of the wage earner living in the home. An individual may receive a child's benefit at any age if incapacitated prior to the age of 21. All unmarried minor children of a wage earner are covered, even though the wage earner and the mother of the children were later separated or divorced. Illegitimate children may be covered if it can be established that the wage earner is the parent.

Social Security pensions, survivor's benefits, permanent disability insurance payments made by the Social Security Administration (*prior* to deductions for medical insurance), Civil Service retirement payments, and railroad retirement insurance checks from the U.S. Government will be counted as income.

- B. **Income from dividends, estates, trusts, and royalties:** Stock dividends or membership in associations, periodic receipts from estates or trust funds, and net royalties will be included in the budget.
- C. **Public assistance payments:** Public assistance payments such as Transitional Employment Assistance (TEA), Supplemental Security Income (SSI), State Supplemental Payments and general assistance are counted as income in the budget. Even though the primary client may not be a recipient of this type of assistance, if any member of the family unit receives public assistance, then the payment must be considered as income to the entire household unit for the purpose of determining eligibility.

***Exceptions:***

1. When the casehead is the recipient of SSI, it is not counted in the budget.
2. When a relative is applying on behalf of a child of whom they have full-time custody, the amount of TEA assistance received will be disregarded.

- D. **Pensions and annuities:** Pensions or retirement benefits will be included in the budget. This includes benefits paid to survivors from a former employer or by a union, either directly or through an insurance company, and periodic receipts from annuities or insurance.
- E. **Unemployment Compensation:** Compensation received from government unemployment insurance agencies or private companies during periods of unemployment and any strike benefits received from union funds are counted as income. Also counted as income are contractual severance payments paid through NAFTA when a worker has been displaced by the employer moving the operation to Mexico or Puerto Rico.
- F. **Worker's Compensation:** Worker's compensation is received periodically from private insurance companies for injuries incurred at the workplace. The cost of this insurance is paid by the employer and not by the individual. This will be included in the budget.

- G. **Child Support:** Child support will be computed by averaging the previous three (3) months' receipts. If child support is paid irregularly, additional months' verification may be requested to establish an accurate average. If the child support is received through the Office of Child Support Enforcement and a portion is withheld from the casehead to cover the recoupment, court or other costs, only that portion *actually received* by the casehead will be counted in the budget. Child support obtained through an interception of a State or Federal income tax refund or an interception of a lump sum Worker's Compensation payment *will be excluded* from the budget.

Acceptable verification of child support payments includes:

- A copy of payment records from the OCSE Screen
- A copy of the Circuit Court records
- A copy of the bank statement showing the child support being direct deposited into the bank account and is designated "Child Support"
- A letter from an attorney stating the amount and frequency of the payments
- A copy of the check or money order made out to the client\*

*\*-If checks or money orders are offered as proof of child support payments, the amount of child support must be equal or above the minimum amount per child set by the Family Support Chart available from the Office of Child Support Enforcement.*

If there is an existing order for child support and payment has not been made in ninety (90) days, the casehead must be referred to the Office of Child Support Enforcement to compel payment.

- H. **Alimony:** Alimony will be calculated by determining an average based on the previous three (3) months receipts of alimony payments. This may be verified by a copy of the court order or by the agent through which the alimony is paid. If alimony is paid sporadically, verification of additional months may be requested to obtain an accurate average.
- I. **Veteran's pension:** A veteran's pension is money paid periodically by the Veteran's Administration to disabled or retired members of the Armed Forces or to their survivors. This includes subsistence allowances paid to veterans for on-the-job-training, as well as so-called "refunds" paid to ex-servicemen as GI insurance premiums. Also included are "incentive" benefits promised to recruits upon enlistment and cashed out at a later date.
- J. **Railroad Retirement Benefits:** Benefits paid to individuals and spouses covered under the Railroad Retirement Act. An individual may receive both Railroad Retirement and Social Security, if covered under both programs, and the wife of a Railroad Retirement beneficiary may receive a wife's benefit while drawing Social Security.
- K. **Civil Service Retirement Benefits:** Civil Service Retirement Benefits are paid to retirees from federal government service under the Civil Service Act and their spouses. An individual may receive both Civil Service Retirement and Social

Security. A widow of the Civil Service retiree may receive a wife's benefit while drawing Social Security.

- L. **Contributions:** Money given as a gift to an individual on a regular basis, usually to cover certain expenses. Acceptable verification of contributions includes a DCO-83 (Contributions Statement) or a letter from the contributor stating the amount of the regular contributions and the frequency.
- M. **Utility Assistance:** A check received through the Department of Housing and Urban Development specifically for utilities.

### **3.4.7 Exclusions from Countable Monthly Gross Income**

The following are to be excluded from the budget in computing monthly gross income:

- A. Per capita payments to or funds held in trust for an individual in satisfaction of judgment of the Indian Claims Commission or the Courts of Claims;
- B. Money received from sale of property, such as stocks, bonds, a house, or a car (unless the person was engaged in the business of selling such property in which case the net proceeds would be counted as income from self-employment);
- C. Irregular withdrawals of bank deposits;
- D. Loans;
- E. Tax refunds, including Earned Income Credits, regardless of whether the client elects to receive the EIC in a lump sum or along with their regular paycheck;
- F. Gifts that are not regular support (Note: If parents or others send monetary "gifts" on a regular basis it will be included in the budget as income.);
- G. Non recurring lump-sum payments, i.e. Christmas bonuses, insurance settlements;
- H. Capital gains;
- I. The value of the coupon allotment under the Food Stamp Act of 1964, as amended;
- J. The value of USDA donated food;
- K. The value of supplemental food assistance under the Child Nutrition Act of 1966 and the special food service program for children under the National School Lunch Act, as amended;
- L. Any payment received under the Uniform Relocation Assistance and Real property Acquisition Policies Act of 1970;

- M. Any earnings of a child under 16 years of age.
- N. Earnings of a child under 18 years of age providing the child is still in the home and is attending high school, vocational school, college or university. This exclusion applies to school breaks including summer vacation if proof of enrollment in the next semester is provided.
- O. Loans, grants, scholarships, and work study earnings, regardless of the source;
- P. Income received for educational purposes from the Montgomery GI Bill or the Veterans Educational Assistance Program. Verification may be obtained through the school where the casehead is enrolled and attending.
- Q. Home produce utilized for household consumption;
- R. Irregular income;
- S. Reimbursements for work-related expenses;
- T. Third party beneficiary payments;
- U. SSI payments received by the casehead (see Section 3.4.1);
- V. Annual or semi-annual emergency utility relief, irregular emergency housing payments;
- W. Child support payments collected by the Office of Child Support Enforcement for TEA recipients which are obligated to the Child Support Enforcement Unit to maintain TEA eligibility;
- X. In-kind benefits, if the employee is also being paid wages that equal or exceed minimum wage;
- Y. The value of HUD rental assistance.

The amount of any currently available income not specifically excluded under one of the above provisions must be determined and considered. The Child Care Specialist shall require routine verification of income for all clients. Contact with collaterals and/or employers may be necessary in determining eligibility. Prudent casework may make further investigation necessary when a client's statements are unclear, incomplete or contradictory or when the worker has reasonable grounds to believe that the statements made by the client are incorrect or incomplete.

### **3.5 CHILD SUPPORT**

Caseheads who are separated, divorced or never married to the absent parent will be required to apply for child support through the Office of Child Support Enforcement for the State of



Arkansas, if not currently receiving child support. If the parent is pursuing child support through an attorney, proof must be furnished to the CCS of an active case. When persons other than the birth parents are applying for Child Care Assistance, then proof that child support is being pursued from BOTH absent parents must be provided.

Acceptable verification of pursuit of child support includes:

- Copy of OCSE screen showing an open case
- Copy of Forms DCO-90/DCO-115 or copy of WAFM screen showing referral
- Decree of Divorce showing court-ordered child support
- A letter from an attorney
- Copy of DCC-525 (Non-Custodial Child Support Statement) or other notarized statement from the non-custodial parent stating the terms of payment\*

*\*-If a DCC-525 or notarized statement is offered as proof of child support pursuit, the statement MUST be accompanied by copies of checks, money orders or bank deposits AND the amount must at least be equal to the minimum amount set per child by the Family Support Chart available through the Office of Child Support Enforcement. Copies of all verification must be maintained in the case record.*

All verification of pursuit of child support must be recent. Any verification over six months old will NOT be accepted. Child Care Specialists must exercise diligence in making certain child support is pursued in ALL circumstances except the good cause situations listed below.

The applicant/recipient will not be required to apply for Child Support if:

- An applicant/recipient states that child support cannot be pursued due to the fact that the absent parent endangered the well-being of the custodial parent or child for whom the child care services are being requested and the applicant/recipient can furnish documentation to prove these allegations
- An applicant/recipient produces copy of a divorce decree specifying that the parents will have joint custody with no child support ordered
- The absent parent is deceased and documentation is furnished
- The absent parent is incarcerated and expected to remain incarcerated for a period of time that will exceed the length of the certification period. Documentation must be furnished to the Child Care Specialist of such incarceration.

Caseheads claiming good cause must complete Form DCC-519. The form must also be signed by the Child Care Specialist and placed in the case record.

If a parent refuses to apply for child support without good cause, then the child for whom no child support is received will be counted in household, but child care will not be paid for by the State.

The Area Supervisor or Unit Administrator must approve any waivers to this policy.

## **SECTION 4 – APPLICATION PROCESS**

An application for assistance can be made to the Family Support Unit by completing and submitting an Application for Child Care Assistance (DCC-513) and signed by the applicant, the guardian or the custodian. For purposes of consideration, the date of application will be the date a completed and signed application is received in the DHS County Office or the Family Support Unit in Little Rock. If a Child Care Specialist is working at an off-site location and the applicant turns in an application, that date will be considered the date of application.

Incomplete/unsigned applications will be returned to the applicant for completion/signature. The date of application will be the first date a fully completed application is received.

If the individual applying for child care is under the age of eighteen (18) years of age, the application must be completed and signed by the parent, guardian or custodian of the individual, unless the individual is considered an emancipated minor. (See Policy ¶ 3.3.1.)

If an adult needing child care services for a child has a legally appointed guardian or custodian, the guardian or custodian must complete and sign the application.

For Protective Services, Foster Care Services or Supportive Services, the DCFS Family Service Worker will complete a Request for Child Care Services (DCC-537) for the family. These applications must be approved and signed by the Division of Children and Family Services County Supervisor or designee.

### **4.1 TIMEFRAMES FOR APPLICATION DISPOSITION**

Within forty-five (45) days from the date the application was received, all applications must be:

- A. Approved
- B. Denied
- C. Withdrawn (by the applicant)
- D. Placed on the waiting list, pending availability of services
- E. Returned to the casehead for completion/signature

### **4.2 INITIAL APPLICATION**

#### **4.2.1 Approval**

When all eligibility requirements have been established, the CCS shall record all pertinent information in the case narrative (See Section 5) and send the casehead a Notice of Action (DCC-531E). The notice must contain the beginning and ending dates of service, the percentage amount of the fee the casehead must pay, and list eligible children. Any other pertinent information such as days or hours for which the child care is approved should be included on the notice.

The effective date of service will be the date that the CCS makes a determination that all eligibility requirements have been met OR all relevant documentation has been received.

DHS does not pay for child care services retroactive to the date of application, unless a client has been improperly deprived of services. The Unit Administrator must approve such services.

#### **4.2.2 Level of Care Authorized**

Based on the information provided by the client, the CCS will determine what level of care is needed for each child. For a full explanation on the levels of care, refer to the Child Care System Participant Agreement (Form DHS-9800).

In determining start and end times for daily care, the CCS will consider reasonable driving times for the client.

Full time students are eligible for full days of care Monday through Friday. However, DHS will not pay for care during semester breaks and spring break unless the student meets applicable eligibility criteria during that time. Holidays will be paid for if the child is normally scheduled to attend on that day. Care authorized during other school breaks will be subject to review by the CCS and the Area Supervisor.

A casehead who is employed full-time will be authorized for care according to their work schedule provided to the CCS. A casehead who works rotating shifts through the entire week will be eligible for care full days Monday through Friday if weekend care is unavailable. The CCS will be responsible for verifying and maintaining work schedules in the case record.

#### **4.2.3 Private Kindergarten/Delayed Start in Public Schools**

In keeping with parental choice, a parent may choose to hold their child back from beginning to attend public school one year. Reasons for this choice must be documented by a written statement from the child's physician, a psychiatrist, a licensed psychologist or the public school counselor or principal and placed in the case record. When school is in session, full day child care will NOT be paid for a child who is eligible to attend public school. This policy applies when the child is too sick to attend school or has been suspended or expelled.

DCC-ECE will follow the policy set by the Arkansas Department of Education for determining cutoff birth dates for children entering kindergarten.

Private kindergarten will not be paid with CCDF funds when a child is of the age to attend public kindergarten.

If before and after school care is needed for a child who is in a private school, and it is verified in writing by the director that the cost of this care is NOT included in the tuition of the school, the before and after school care can be paid with CCDF funds.

Child care will not be paid for an In-Home Provider to keep school-age children when public school is normally in session.

While the CCS may inform the casehead of other resources that may be available, a casehead will not be required to place their child in Head Start instead of utilizing another child care provider.

#### **4.2.4 Denial of Application**

When the information presented by the casehead or collateral sources establishes that the household is ineligible for child care assistance, the application shall be denied. When an application is denied, the CCS shall:

- A. Record information in the case narrative, including the reason for the denial and the date the notice is sent to the casehead. It is not necessary to verify any eligibility factor other than the one upon which the application is being denied.
- B. Send the casehead a Notice of Action (DCC-531B) specifying the reason(s) for the denial of child care services. A copy of the DCC-531B should be kept in the case record or, in the case of an initial review at Central Office, attached to the application.
- C. All denied applications are to be kept on file (filed by the county of the client's residence) for a period of 5 years following the date of denial.

#### **4.2.5 Withdrawal of the Application**

When the casehead requests the application be withdrawn, the CCS shall obtain a signed written statement from the applicant that he wishes to withdraw the application AND record any pertinent information pertaining to eligibility in the case narrative.

#### **4.2.6 Child Care Waiting List**

The Family Support Unit will maintain a waiting list for each county. The list will show the casehead's name, date application was received, and the appropriate priority code for the casehead. Applications on the waiting list will be prioritized in the following order: Teen in high school, Homeless, Low-income with no fee and Low-income with fee.

Upon receipt of an application for child care in a county that has a waiting list for services regardless of reason, the CCS shall:

- A. Review the application
- B. Determine the appropriate priority code
- C. Place the application on waiting list according to application date and priority
- D. Send the casehead a Notice of Action (DCC-531A) stating that the application has been placed on a waiting list and the casehead will be notified as soon as an appointment or services become available. The notice will contain the statement that the casehead's name will remain on the waiting list for one year only.

The notice to place an application on the waiting list must be mailed no later than forty-five (45) days from the date the application was received.

When services become available, the CCS will access the waiting list and process the applications in order of priority code and then, by date application was received.

#### **4.2.7 Delayed Action/Incomplete Applications**

When an initial application submitted is incomplete, the Family Support Unit will return the incomplete application to the Casehead along with Form DCC-530, which states that the Casehead must complete and return the application within forty-five (45) days or the application will expire. After 45 days, the Casehead must begin the application process over again.

For any other delay in action due to a lack of information, the Casehead will be notified via a DCC-531D specifying the information needed. The casehead will be given ten (10) calendar days from the date that the DCC-531D is sent to provide the information. If the tenth day falls on a weekend or holiday, the casehead will be given until 4:30 P.M. on the next working day to provide the information. The effective date of action will be the first business day following the end of the ten-day notice.

If the casehead notifies the CCS or Family Support Unit prior to the date specified on the DCC-531D that the casehead is attempting to obtain the requested information, but cannot do so by the specified date, then the casehead will be allowed a reasonable amount of additional time to provide the information before the application is denied. Another DCC-531D will be sent advising the casehead of the new date.

#### **4.2.8 Re-Scheduling of Appointments**

If a casehead notifies the CCS or Family Support Unit before the appointment time that the casehead is unavailable to attend, that casehead will be placed back on the county waiting list with the same priority code and without reapplying or changing the application date.

### **4.3 RE-EVALUATION APPLICATION**

A re-evaluation occurs when an eligible household reapplies for continued participation in the Child Care Assistance Program before the end of its current certification period. The re-evaluation involves a re-determination of all eligibility requirements. Each requirement must be met and any changes recorded in the case narrative.

#### **4.3.1 Re-Evaluation Plan**

Cases may be scheduled for re-evaluation as necessary within the six-month time limit. However, cases must be scheduled for re-evaluation no later than the end of the fifth (5th) month of a certification period so the re-evaluation process may be completed before the end of the sixth month.

All caseheads requiring a re-evaluation must be sent a Notice of Action (DCC-531CR) by the last day of the fourth (4th) month of the current certification period. The notice must advise the casehead of the action and information needed to process the re-certification and that failure to cooperate with the re-certification process will result in case closure.

The casehead must be given ten (10) days after a re-evaluation interview to furnish any information needed to complete the re-evaluation process. If the CCS determines that the client has good cause for needing additional time to furnish verification or resolve conflicting information, the CCS may extend the deadline to accommodate the client.

The respective child care provider will be sent a copy of the DCC-531CR notifying them of the impending action on the client's case. If the DCC-531CR should contain information of a confidential nature, a separate letter notifying the provider of re-evaluation will be sent instead.

Students must be re-evaluated before the start of each new school semester.

#### **4.3.2 Timely Re-Evaluations**

Eligible households that submit timely applications for re-certification are entitled to uninterrupted benefits unless the household fails to follow through with the re-evaluation process. A timely application for re-evaluation is defined as a DCC-513 that is received no later than the date listed on the re-evaluation notice (DCC-531CR). Recipients who fail to submit their application for re-evaluation in a timely manner will forfeit the right to uninterrupted services.

#### **4.3.3 Households Ineligible for Re-Certification**

A family found ineligible to continue receiving services during re-evaluation will be given ten (10) day advance notice via a Notice of Action (DCC-531F) that child care assistance will be discontinued at the end of the ten (10) day period. The child care provider must also be given a copy of the DCC-531F advising them of closure of the case.

#### **4.3.4 Re-Evaluation Interview**

During the re-evaluation interview, the CCS shall:

- A. Review the Child Care Assistance Application (DCC-513) for completeness, comparing it with the previous DCC-513 for changes in status.
- B. Obtain and record sufficient information to establish the eligibility requirements of the Child Care Assistance Program.
- C. Review the Client's Rights and Responsibilities with the casehead, as well as the legal consequences of fraud (See Section 7), misrepresentation of facts, and perjury. Advise the casehead of the responsibility to report any change within ten (10) days.

- D. Obtain sufficient information to re-verify income.
- E. If the casehead fails to provide all the information necessary to determine continued eligibility, the CCS will advise the casehead with a DCC-531D that he/she has ten (10) days to furnish the information or the case will close. The child care provider will be notified, via a DCC-531D, that the case will be closed after the tenth day.
- F. If the family furnishes the requested information, the Child Care Assistance case can remain open. However, if not all the information is furnished and another ten (10) day notice must be sent, there is no guarantee that the services will be uninterrupted.
- G. Advise the casehead of the procedure to change facilities.
- H. Ensure that the casehead has received appropriate consumer education material.

The casehead will be the primary source of information, but information can be obtained from collateral sources, employers, DHS records, DHS or other agency's employees, etc. to verify necessary eligibility factors.

## **SECTION 5 - CASE MANAGEMENT**

### **5.1 CASE RECORD ORDER**

The CCS shall maintain an accurate and current individual case record for each family determined eligible. The case folder should be labeled with the name of the casehead. The record must contain the following documents and information in the order specified.

#### **Left Side of Case Record** *(in ascending order)*

1. Acceptable verification of Social Security Numbers:
  - a. Copies of actual Social Security Cards
  - b. Copies of an open WFSM screen
  - c. Proof of application from the Social Security Administration
  - d. Verification of Social Security Numbers from the Social Security Administration
2. DCC-540 (Declaration of U.S. Citizenship or Satisfactory Immigration Status)
3. Records documenting child(ren)'s date(s) of birth
4. Overpayment Documentation, if applicable (DHS-600 or DHS-1700)
5. Case Narrative Sheet with detailed calculator tapes with budget calculations  
*(This is optional unless the budget sheet on the application is not completed.)*
6. Closure Narrative, if case has been closed

#### **Right Side of Case Record** *(in ascending order)*

1. Initial Application, DCC-513
2. Waiting List Notice, DCC-531A
3. Appointment Notice, DCC-531CI/DCC-531CR
4. Pending Notices, DCC-531D/DCC-531F
5. Child Care Arrangement Verification Form, if applicable
6. Copy of Student Grades
7. Copy of Student Schedule or Student Verification
8. Any additional correspondence or documents
9. Earned Income Verification-Must be copies of check stubs, a completed Verification of Earnings form, DCO-97, or a letter from the employer
10. Verification of Unearned Income-Examples include SSA benefits, SSI, TEA, VA, UI benefits, utility assistance.
11. Child Support Verification or DCC-519 (Good Cause) and Good Cause Documentation
12. Copies of WFSM screen, if applicable
13. Copies of WSSN screen
14. Initial/Re-Evaluation Application, DCC-513
15. Approval/Denial Notice, DCC-531E
16. Certificates of Authorization



A divider consisting of a colored sheet of paper will separate the documents from each certification period.

## **5.2 CASE NARRATION**

On all cases, narrative entries must be made at every point action is taken and written in enough detail to allow any reviewer, such as a supervisor, auditor or investigator, to determine what action occurred. *Narratives must include an explanation of budget calculations.*

## **5.3 NOTICES**

### **5.3.1 Notice of Action**

A Notice of Action (DCC-531), giving the client a ten (10) day advance notice, must be sent when the following actions are proposed on a case:

- Initial/Re-Evaluation appointment
- Request for additional information
- Change in fee amount
- Reduction of certification period
- Advise client to locate another child care facility
- Non-payment of client fees
- Advise client to apply for other child care assistance programs
- Transfer of case record
- Pending case closure

### **5.3.2 Adequate Notice**

An Adequate Notice (DCC-531) must be sent to the client in the following situations:

- Case has been closed
- Initial denials
- Withdrawal of an application
- Acknowledgement that reported change has been processed
- Written request for case closure

## **5.4 REINSTATEMENT OF CLOSED CASE**

In keeping with Policy 1.3.5, caseworkers are to use prudent and reasonable judgment in considering whether to reinstate a case that has been closed. If there is any question as to reinstating a case, the CCS should direct such questions to the Area Supervisor.

## **5.5 PROCESSING CHANGES**

The casehead has the primary responsibility for reporting any change that may affect eligibility. The family must report this change no later than ten (10) calendar days after the date the change occurred for the CCS to initiate the appropriate case action. The CCS must initiate action to process the change within ten (10) working days of receipt of the change report.

### **5.5.1 Maternity Leave, Sick Leave or Period of Unemployment**

Child care assistance may be provided on an open case for a period not to exceed ten (10) days for a child whose parent/guardian is temporarily off work due to maternity leave, family leave, sick leave, hospitalization of a household member or a parent who has been laid off. The parent must be intending to return to work to be eligible for the extra child care. These extra days will be to recuperate from an illness or to look for a job in instances of unemployment. The casehead in these particular situations has the option of suspending the case for a maximum period of ninety (90) days.

### **5.5.2 Change in Child Care Providers**

Due to the cost of processing authorizations, as well as the undue stress placed on a child with repeated changes of child care providers, the number of times a casehead may change facilities will be limited to a maximum of three (3) per certification period.

### **5.5.3 Adding Children**

Any casehead who wishes to add children born or added to the household after the original approval date must go through the initial application process. The casehead must complete a new Application for Child Care Assistance (DCC-513). If placed on a waiting list, the additional child(ren) will not be given priority over those already on the waiting list.

If a child is on the waiting list, and funding or services are not available, the child may be included in the household size, even though child care services are not being provided at this time.

Child care assistance will not be authorized for children who are not in the full custody of the casehead for a majority of the year. A non-custodial parent or guardian who submits an Application for Child Care Assistance for children who are in his/her custody only for short periods (for example, summer vacation, spring break or Christmas break) will be ineligible for child care assistance, and the application will be denied. However, these children may still be included with other full-custodial children (for the summer months) in the household size to determine income eligibility for other children of whom the parent/guardian has full-time physical custody.

## **5.6 TRANSFER OF CASE RECORD**

When a casehead notifies the CCS that the family is moving to another county and wants the child care case to remain open, the client will be advised:

- The child care case will be closed in the original county
- How to contact the CCS in the new county. The casehead will be given an Application for Child Care Assistance (DCC-513) and the name and address of the new CCS.
- The family has ten (10) days after the date of the move to contact the CCS and complete a re-evaluation in the new county.

If the casehead fails to furnish the CCS in the new county a completed DCC-513 within ten (10) days of the case closure in the original county, the family will not be entitled to uninterrupted benefits. When the casehead reapplies, the family will go on the waiting list in the new county and treated as an initial applicant.

The CCS in the original county must contact the CCS in the new county. The CCS in the original county will send appropriate notices to the provider and the casehead advising of case closure in the original county. The case record will be sent to the new county and copies of the last authorization and the last notices mailed to the casehead and the provider will remain on file in the original county. A notation will be made in the case of when and where the case was transferred.

## **5.7 ACCESS TO CASE RECORDS**

Upon written request by the casehead, the casehead may have access to records in which he/she is a participant. The record will be made available for inspection during normal working hours. The CCS or a prior authorized DHS employee must be present during the inspection. Files and materials contained in the client's file may not be removed by the parent/custodian. Copies may be provided at the expense of the parent/custodian in accordance with the DHS County Office Procedure Manual. An authorized representative may not have access to a family's files without a notarized statement signed by the parent/custodian.

Information about the status of pending investigations or criminal prosecutions will be withheld. The CCS will withhold confidential information such as names of individuals who have disclosed information about the household without the knowledge of the client.

## **5.8 RECORDS RETENTION**

All case records must be maintained for a period of five (5) years from the date of denial, expiration or termination, whichever is later. Child care cases containing overpayment, audit reports or fraud reports will be exempt from the five year record retention policy. These records will continue to be maintained in the county office until all overpayment, audit or fraud investigations have been completed.

## SECTION 6 – OVERPAYMENTS

### 6.1 OVERVIEW

The key to determining overpayments is skillful interviewing during the initial application, during reviews, and when changes in a client's or provider's situation occur. Therefore, the CCS should ask specific questions, evaluate reaction, and fully document the responses. Questions must be phrased in an understandable way and the client/provider must be given ample time to respond in their own words.

An *overpayment* is defined as a payment made on behalf of a client or child care provider that the client or provider was ineligible to receive.

Overpayments will exist for each month which the client or provider received child care assistance or payments in error. However, only payment months that occurred within three (3) years prior to the date of discovery, will be considered reportable overpayments.

Overpayments may result from the following:

- Giving false information or withholding information.
- Failing to report a change in a timely manner (i.e., quit job, receiving child support payments, became academically ineligible, change in citizenship/residency standards, etc.).
- Billing for unauthorized days.
- Excess income.
- Not working the required number of hours or attending school full time.
- DCC-ECE failing to exercise proper diligence.
- Or a combination of factors.

The amount of overpayment will be determined using established policy and procedures and allowances in effect at the time the overpayment occurred.

### 6.2 DEFINITION OF ERRORS

An overpayment or underpayment can occur as the result of an *administrative error* on the part of the DCC-ECE staff, or as an *inadvertent error* on the part of the client or child care provider.

An *administrative or agency error* exists if one of the following occurred:

- A. Policies, rules, or statutes were not applied correctly.
- B. Staff responsible for administering the child care assistance program failed to take action on a change when notified by the client, provider, other DHS staff, or other interested party.
- C. DCC-ECE failed to take appropriate action such as termination or reduction of services.
- D. A policy requirement was not met.
- E. An ineligible client received services or an ineligible provider received payment.

An *inadvertent error* exists if one of the following occurred:

- A. The client or provider unintentionally failed to provide DCC-ECE with correct or complete information.
- B. The client or provider unintentionally failed to report changes to DCC-ECE.
- C. A provider unintentionally failed to notify the DCC Licensing Unit within the required timeframe of temporary operational changes or of circumstances that affect payments for children receiving subsidized care. For example: as a result of a natural disaster, a home provider moves without notifying DCC-ECE.
- D. A provider submitted information, such as attendance records, that has unintentional errors.

### **6.3 RESPONSIBILITIES OF THE DIVISION STAFF**

Within DCC-ECE, the Compliance Unit is the initial point of contact to handle suspected overpayment cases. The Compliance Unit will directly support the entire division and will serve as the liaison to the Overpayment Unit of the Division of Administrative Services.

When there is an indication that a client or provider obtained an overpayment to which the client or provider was not entitled, the CCS conducts a preliminary assessment. The CCS, in consultation with the Area Supervisor and Unit Administrator, reviews the client's record or the provider's files to assess if the staff determined eligibility and documented the information obtained according to current policy.

In addition, the CCS must gather related information from outside records if available, review client/provider claims, and document reasons for suspected overpayment.

It is the responsibility of the CCS to promptly report to the Overpayment Unit, in writing, any pertinent information which would have an effect on an overpayment claim that has not been satisfied, such as:

- Hardship situation
- Acquisition of resources or income that may increase the client's ability to repay
- Death
- Change of address
- De-certification of case after closure

### **6.4 OVERPAYMENT REFERRAL DOCUMENTATION**

When an overpayment is suspected, it is critical that the CCS communicate with DCC-ECE's Compliance Unit to complete a thorough and accurate referral.

*All referrals* must include the following:

- Form DHS-600, Summary of Child Care Overpayment
- Summary of case worker's investigation and supporting attachments

*Client referrals* must include the following documents:

- Copy of signed Form DCC-513, Child Care Assistance Application
- Copy of any Form DCC-531, Notice of Action
- Copies of Service Authorization
- Payment History by Authorization Number
- Full Billing History by Date
- Additional Documentation (i.e., income verification, check stubs, child support agreement, education transcripts, etc.)

*Provider referrals* must include the following documents:

- Copy of signed DHS Form 9800, Child Care System Participant Agreement
- Copies of Service Authorization
- Payment History by Authorization Number
- Full Billing History by Date
- Child Care Provider Rates
- Additional Documentation (i.e., attendance sheets, transportation logs, etc.)

## **6.5 OVERPAYMENT REFERRAL PROCESSING**

The county caseworker or Child Care Specialist is responsible for preparing and submitting overpayment reports to the DCC-ECE Central Office.

The CCS will use the following procedures to report overpayments:

- Record Information in the Case Narrative:* Each client or provider overpayment will be annotated on the Form DCC-600, Summary of Child Care Overpayment. In addition, the worker will record in the case record the amount of the overpayment, the date the overpayment began, the reason why the overpayment occurred, and any other pertinent information. If the overpayment occurred because a client provided false or incomplete information or failed to report a change in circumstances within ten (10) days, the client will be advised of the possible consequences (request for repayment and/or prosecution for fraud) and asked to explain. The explanation will be recorded in the case record. Then, the form DCC-600 and case record will be referred to the Area Supervisor for concurrence as to the accuracy of the overpayment determination.
- Refer to Compliance Unit:* All cumulative overpayments of twenty dollars (\$20.00) or more will be sent to the DCC-ECE Compliance Unit. The Compliance Unit will record the information into tracking databases. For client referrals, coordinate with the Family Support Unit Administrator. The Family Support Unit will make a recommendation of Fraud or Overpayment to the Compliance Unit. For provider referrals, the Compliance Unit will make a recommendation of Fraud or Overpayment. After review and concurrence, the Compliance Unit will send the overpayment recommendations to the Division of Administrative Service's Overpayment Processing Unit, followed by updating internal tracking databases and informing associate DCC-ECE units.
- Refer to the Overpayment Processing Unit:* All cases involving incorrect payment will be referred to the Division of Administrative Service's Overpayment Processing Unit, Central

Office. All documentation described above will be original documentation. If fraud is suspected, the Child Care Specialist will submit a Form DCO-1700 (Suspected Fraud Report) to the Overpayment Unit. If the Child Care Specialist is unable to establish the full amount of the overpayment, the DCO-1700 will be completed and forwarded to the Overpayment Processing Unit. A memorandum will be attached to the DCO-1700 detailing the Child Care Specialist's efforts and explaining why they were unable to establish the overpayment.

The Division of Administrative Services, Overpayment Processing Unit will register all overpayment referrals. All cases of suspected fraud will be immediately brought to the attention of the Office of Chief Counsel's Fraud Unit.

If it is found in the fraud investigation that the period of time and/or the amount of the overpayment or ineligible payment is different from the original amount submitted by the case worker on the DCC-600 (Summary of Child Care Overpayment), the Overpayment Unit will make the necessary adjustments.

## **6.6 REPAYMENT**

The Overpayment Processing Unit (OPU) will establish a monthly payment schedule for the client or provider to repay any amount owed.

## SECTION 7 - FRAUD

### 7.1 OVERVIEW

The DCC-ECE has a responsibility to assure proper administration of federal and state funds that pay for child care services for children, and to take measures to prevent and deter fraudulent misrepresentation. This responsibility depends on the efficiency, thoroughness, and integrity of the processes by which initial and continuing eligibility is determined and payments for child care services are issued by the Division.

### 7.2 DEFINITION

*Fraud* is receiving services or payments to which the client or provider is not entitled by willfully making a false statement, misrepresentation, or impersonation. Indicators of fraud can be found at any point in time when handling a case on a routine basis, determining eligibility, or receiving a report from a member of the public. Fraud for disqualification purposes will be determined to exist when one of the following occurs:

- A Federal or State Court finds that the client or child care provider committed fraud in applying for or receiving child care services or payments.
- The client or child care provider is found through an Administrative Disqualification Hearing to have committed an intentional program violation.
- The client or child care provider agrees to be disqualified by signing a waiver of hearing and disqualification agreement (DCC-601).

*Fraudulent misrepresentation* constitutes an intentional program violation of the subsidized child care assistance program and can result in a criminal conviction, as well as loss of services or payments as described in this section.

An *intentional program violation (IPV)* exists when the client or child care provider intentionally misrepresented or withheld information. Intentional program violations occur when a client or provider does one or more of the following:

- A. Misrepresents information by making a false statement either orally or in writing to obtain or attempt to obtain services or payments.
- B. Conceals information to obtain services or payments.
- C. Withholds information needed to determine eligibility.
- D. Fails to report a change in a timely manner or does not report a change in order to continue services.
- E. Falsifies or alters authorization documents to obtain services or payments.
- F. Misrepresents private paying rate information.

The hearing process is known as an Administrative Disqualification Hearing and is administered through the Office of Appeals and Hearings. Penalties in the form of disqualification are imposed against individuals found responsible for an IPV through any process.



### **7.3 RESPONSIBILITIES OF THE DIVISION STAFF**

Within DCC-ECE, the Compliance Unit is the initial point of contact to handle suspected fraud cases. The Compliance Unit will directly support the entire division and will serve as the liaison to the Fraud Unit of the Office of Chief Counsel.

When there is an indication that a client or provider obtained or attempted to obtain payments because of a possible inadvertent error or an intentional program violation, the case worker conducts a preliminary assessment.

The CCS, in consultation with the Area Supervisor and Family Support Unit Administrator, will review the client's record or the provider's file to assess if the staff determined eligibility and documented the information obtained according to current policy. In addition, the Child Care Specialist must gather related information from outside of division records if available, review client/provider claims, and document reasons for suspected fraud.

If a staff member suspects an employee of fraud, then it is the responsibility of that staff member to immediately report the suspicious activity to their Unit Administrator or to the Division Director.

### **7.4 REFERRAL DOCUMENTATION**

When child care fraud is suspected, it is critical that the Child Care Specialist communicate with the DCC Compliance Unit to complete a thorough and accurate referral. *The referral should be sent directly to the Compliance Unit.*

*All referrals* must include:

- Form DHS-1700, Suspected Fraud Report
- Signed admission statement, if available
- Any additional information that cannot be found in the case record

NOTE: The summary of the investigation must be detailed, clear, and informative. The summary must include a description of the fraudulent act that attests to how and when the fraud occurred, who committed the fraudulent act, and any repayment agreement established.

### **7.5 LEGAL ACTION AND DISQUALIFICATION**

DHS will use all means available through policy or the legal system to recoup any monies that have been determined to be owed by a client or provider.

Refusal of a client to cooperate in any fraud investigation will result in case closure and termination of benefits. Any provider who refuses to cooperate in a DHS investigation will be subject to the termination of the Child Care System Participant Agreement (Form DHS-9800) and exclusion from participation in DHS programs.

The following actions may be taken against a client or child care provider when it is determined that there has been one or more instance of fraud. These actions will apply to cases in which the amount of fraud is more than \$500 and the Fraud Unit has notified the Family Support Unit

that sanctions have been levied. Disqualification may be imposed on a client or provider in addition to requiring repayment of the amount of the child care payment for which they were ineligible to receive.

A. Client Disqualification: A disqualification period occurs when a client is found guilty of fraud or when the client fails to repay a child care overpayment within the established timeframes. Foster Care and Protective Service categories are exempt from any child care disqualification. After a client has been disqualified, the client will not be allowed to participate in the Child Care Assistance Program or have the client's name placed on the waiting list for the duration of the disqualification period. The penalties will be imposed as follows:

1. Six (6) months for the first offense, but not to be reinstated until all monies are repaid.
2. Twelve (12) months for the second offense, but not to be reinstated until all monies are repaid.
3. Permanently disqualified for the third offense.

If a client's case closes for failure to cooperate or failure to provide information to the fraud unit or investigator then services will not be allowed until that information is provided by client.

B. Provider Disqualification: A disqualification period occurs when a child care provider is found guilty of fraud or when the provider fails to repay a child care overpayment within the established timeframes. The disqualification shall follow the owner/director/operator and any business relocation will not relieve the original child care facility of responsibility. Additionally, child care providers will be disqualified from participating in the child care assistance program if they fail to submit an annual audit or if the Audit Section of the Office of Chief Counsel disapproves the findings from the audit. Penalties will be imposed as follows:

1. Twelve (12) months for the first offense, but not to be reinstated until all monies are repaid. Under no circumstance will a provider be allowed to re-enroll within the twelve-month period.
2. Permanently disqualified for the second offense.

## **APPENDIX–DEFINITIONS**

**Alien** – Any person not a citizen or national of the United States.

**Applicant** – The person making application to the Child Care Assistance Program on behalf of a household. Also called the casehead.

**Authorized Representative** – An individual 18 years or older given express, written permission to handle any business of the applicant/recipient pertaining to a child care assistance case. The authorized representative may or may not be related to the casehead. Under no circumstances should a child care facility or an employee of a child care facility serve as an authorized representative due to possible conflict of interest.

**Casehead** – The person designated to represent a household with the Child Care Assistance Program. This person must complete the Application for Assistance, be at least eighteen (18) years of age or an emancipated minor, and must have full-time physical custody of the child requiring child care. In this policy, casehead may also indicate parent, guardian, applicant, recipient or client.

**Categorically Eligible** – When a family is eligible due to their inclusion and participation in another DHS program, i.e.: Protective Services, TEA Cash Assistance, etc.

**Child Care Development Fund (CCDF)** – The source of funding for the Child Care Assistance Program. The CCDF is administered by the U.S. Department of Health and Human Services, Administration for Children and Families.

**Child Care Specialist (CCS)** – The person within the Family Support Unit assigned to work cases and manage clients for a particular area of the state. This person may be an Intake Specialist (CCIS), who is responsible for initial case workups, or an Eligibility Specialist (CCES) who is responsible for all actual case management.

**Child Care Family Home (CCFH)** – A type of child care provider whereby children are cared for in a caregiver's own family residence or in some other suitable family type residence. A CCFH must be licensed when one (1) or more persons care for six (6) or more children from more than one (1) family at the same time.

**Child Care System Participant Agreement (Form DHS-9800)** – The contract between a child care provider and the Department of Human Services for the purposes of providing child care services and billing for said services. All agreements expire at the same time bi-annually, and providers must complete new agreements at that time, regardless of when they signed the original DHS-9800.

**Child Support** – Payments made by an absent parent to the custodial parent to assist in the health, education and welfare of a child.

**Co-Pay** – The amount of the daily child care fee owed to a child care provider by the casehead. This fee is based on a sliding scale chart and is determined by household size and income. Also called parent fee or customer fee.

**Deletion** – The action taken on an authorization or specific dates within an authorization to permanently remove a provider’s ability to bill for that time period.

**De-obligation** – The action taken on an authorization or specific dates within an authorization to remove a provider’s ability to bill for that time period without deleting the entire authorization and can be re-obligated if circumstances warrant. Days in which a client is ineligible to receive services within an authorization period must be de-obligated by the caseworker.

**Disqualification** – The action taken against a client or provider found guilty of fraud or failing to repay a child care overpayment. During a disqualification period, a client or provider is not allowed to participate in the child care assistance program. Clients may not be placed on the waiting list for services. The exact duration of disqualification depends on the severity and frequency of the infraction.

**Division of Children and Family Services (DCFS)** – The division within the Department of Human Services responsible for adoptions, child protective services and foster care services.

**Emancipated Minor** – An individual under the age of eighteen (18) who is considered an adult for purposes of the Child Care Assistance Program by meeting certain conditions. These conditions are outlined in Policy Section 3.3.1.

**Facility Number** – A number assigned by the Licensing Unit of the Division of Child Care to identify a licensed or registered child care facility.

**Family Support Unit (FSU)** – The unit within the Division of Child Care and Early Childhood Education responsible for administering the Child Care Assistance Program. Formerly known as the Child Care Eligibility Unit.

**Foster Care** – When, due to issues of safety or neglect, children have been removed from their home and have been placed with foster care parents. Foster care homes are closely monitored by DCFS.

**Fraud** – An attempt by a client or provider to receive services or payments to which the client or provider is not entitled by willfully making a false statement, misrepresentation, or impersonation.

**In-Home Child Care Provider** – An individual selected by the family to provide child care to five or fewer children in the child’s own home. The In-Home registration is not valid for child care provided outside of the child’s own home.

**Intentional Program Violation (IPV)** – A violation that occurs as a result of the client or child care provider intentionally misrepresenting or withholding information.

**Internal Review** – The process within the Division of Child Care by which a casehead may register a complaint and ask for a reconsideration of an adverse action taken on a case or application. This entire process is outlined in Policy Section 1.6.

**North American Free Trade Agreement (NAFTA)** – A pact signed by the United States, Canada and Mexico that calls for the gradual removal of tariffs and other trade barriers on most goods produced and sold in North America. NAFTA became effective in Canada, Mexico, and the United States on January 1, 1994.

**Office of Chief Counsel (OCC)** – The office within the Department of Human Services responsible for managing all legal matters on behalf of DHS. OCC is responsible for investigating all allegations of fraud within the Child Care Assistance Program.

**Office of Child Support Enforcement (OCSE)** - The state agency within the Department of Finance and Administration responsible for the delivery of child support services under Title IV-D of the Social Security Act. OCSE will locate non-custodial parents and putative fathers in and out of the State, arrange DNA testing and appear in court hearings to obtain paternity judgments and court orders, monitor cases to identify nonpayment by the non-custodial parent and take administrative enforcement actions.

**Overpayment** – A payment made on behalf of a client to a child care provider that the client or provider was ineligible to receive.

**Overpayment Processing Unit (OPU)** – The work unit within the Division of Administrative Services responsible for processing overpayment claims. The OPU determines the feasibility of repayment and sends correspondence to clients and providers regarding repayment of monies owed to DHS due to overpayment or fraud.

**Permanent Resident** – Any person not a citizen of the United States who is residing in the U.S. under legally recognized and lawfully recorded permanent residence as an immigrant.

**Protective Services** – A DCFS term designating the degree of DCFS involvement in overseeing the well being and safety of a child.

**Provider** – An individual or group of individual(s) who operate a business for the purpose of supplying child care services. The procedures for becoming a licensed child care provider in the State of Arkansas can be obtained from the Licensing Unit in the Division of Child Care. Regulations concerning providers participating in the Child Care Assistance Program are found in Policy Section 2 and the Form DHS-9800.

**Recipient** – The person receiving assistance for child care services on behalf of a household. Also called the client or customer.

**Re-Evaluation** – The process by which a client who has been receiving child care services will be assessed by the caseworker to determine eligibility. Normal re-evaluations occur on a case every six (6) months.

**Relative Child Care Family Home (Relative Provider)** – A situation in which five or fewer children are cared for by a relative. The relationship must be that of a grandparent, great-grandparent, aunt, uncle, or sibling residing out of the home.

**Service Authorization** – A certificate issued by the Eligibility Specialist to a child care provider giving permission for this provider to submit bills to DHS for child care rendered to the children listed on the authorization. In addition to the names of the client and eligible child, a valid service authorization will include the start and ending dates of service, the level of service authorized, the name of the facility providing the service and the name of the caseworker.

**Special Needs** – The classification given a child who requires child care because of a condition documented by a physician, a licensed psychologist or a court order.

**Supportive Services** – A DCFS term designating the degree of DCFS involvement in overseeing the well being and safety of a child. In order to open a Supportive Services case, the parent(s) MUST request the case be opened by DCFS. Rationale behind this type of case is to keep the family unit together while at the same time monitoring and assisting the household, monetarily, physically and emotionally.

**Taxpayer Identification Number (TIN)** – A number assigned by the Internal Revenue Service to an individual or business for tax purposes. This number is used by the Family Support Unit to identify providers through the billing and payment process.

**Transitional Employment Assistance (TEA)** – A program administered by the Division of County Operations which provides cash assistance to families with non-SSI-children under the age of 18. Supportive services, such as child care and transportation, are also provided to families who are subject to work participation activities.